

1961

ANNUAL

REPORT



HEUBLEIN, INC.



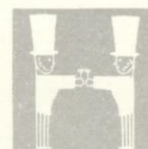
# Annual Report

to the Stockholders  
year ended June 30, 1961



**HEUBLEIN, INC.**

330 New Park Avenue  
Hartford 1, Connecticut



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## DIRECTORS

GERSON K. BERNSTEIN  
FREDERICK E. CHAPMAN  
MARY G. FALVEY  
PETER M. FRASER  
EDWARD G. GERBIC  
RALPH A. HART  
THOMAS D. MANN

JOHN G. MARTIN  
WILLIAM H. MORTENSEN  
FRANCES HEUBLEIN O'DELL  
JOSEPH A. PROCHASKA  
RICHARD RAPPORT  
LESTER E. SHIPPEE  
J. HAROLD WILLIAMS

## EXECUTIVE COMMITTEE

FREDERICK E. CHAPMAN  
PETER M. FRASER  
RALPH A. HART

JOHN G. MARTIN  
WILLIAM H. MORTENSEN  
LESTER E. SHIPPEE

*Chairman*  
JOHN G. MARTIN

*Secretary*  
MARY G. FALVEY

*President*  
RALPH A. HART

*Treasurer*  
JOHN A. HENRY

## OFFICERS

*Senior Vice Presidents*  
GERSON K. BERNSTEIN  
FREDERICK E. CHAPMAN  
EDWARD G. GERBIC  
JOSEPH A. PROCHASKA

*Controller*  
JOHN J. MORAN

*Vice Presidents*  
GEORGE W. E. BALDWIN  
CHRISTOPHER W. CARRIUOLO  
WILLIAM E. DOLAN

*Assistant Secretaries*  
LEO FACCIOLA  
CHARLES E. KARL  
GRAHAM K. MUIRHEAD  
HENRY J. ROGERS

*Assistant Controller*  
WALTER B. UMBERFIELD

## TRANSFER AGENTS

THE BANK OF NEW YORK  
48 WALL STREET  
NEW YORK 15, N.Y.

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST CO. OF CHICAGO  
231 SO. LA SALLE STREET  
CHICAGO 90, ILL.

## REGISTRARS

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK  
23 WALL STREET  
NEW YORK 8, N.Y.

THE NORTHERN TRUST COMPANY  
50 SO. LA SALLE STREET  
CHICAGO 90, ILL.

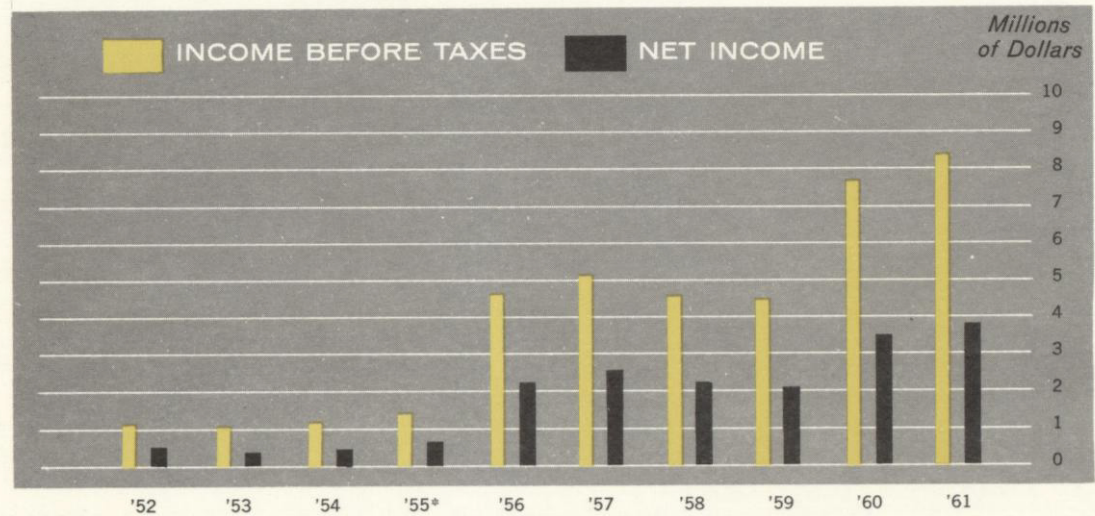
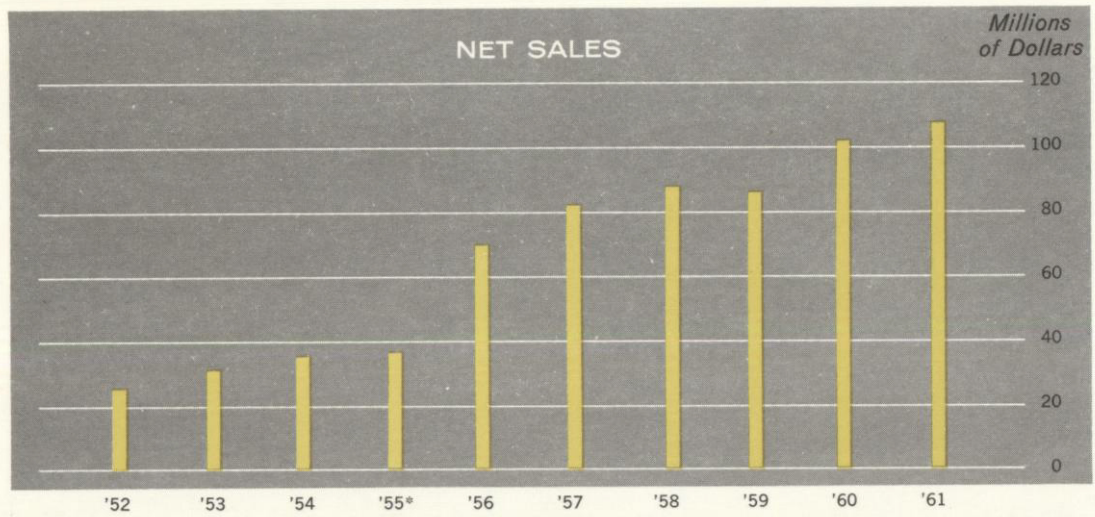


# Heublein

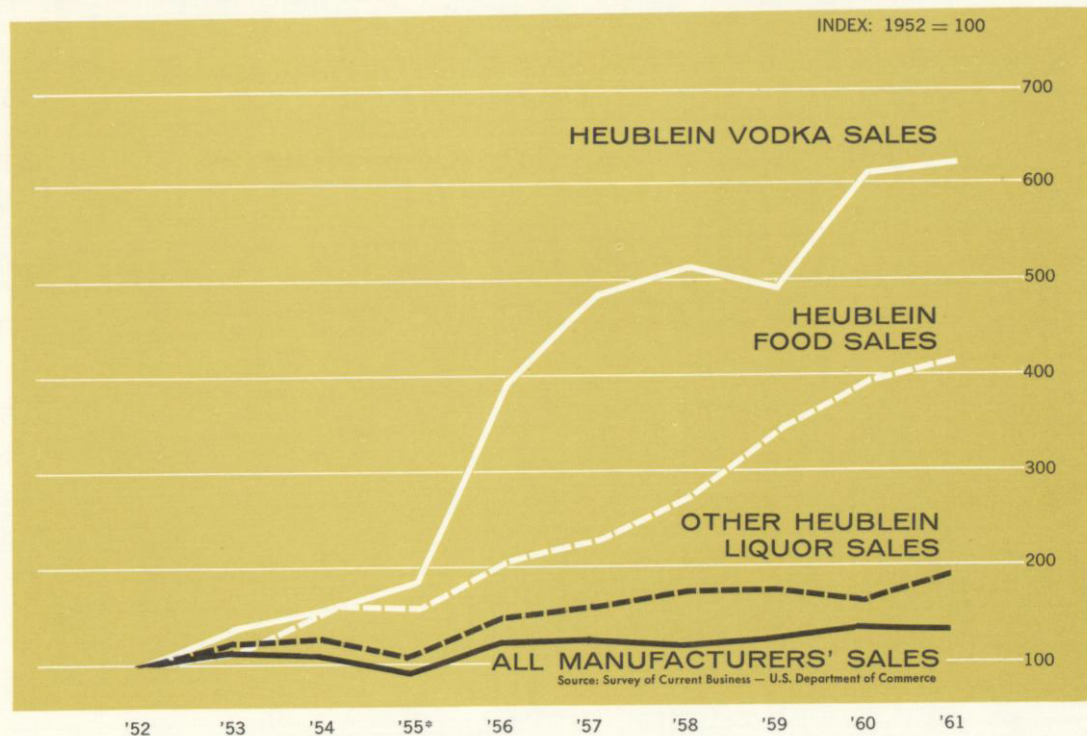
## Highlights

	1961	1960
Net Sales . . . . .	\$108,281,236	\$103,168,562
Income Before Taxes . . . . .	8,401,410	7,787,660
Income Taxes — Federal and State . .	4,587,000	4,232,000
Net Income . . . . .	3,814,410	3,555,660
Per Share . . . . .	2.40	2.25
Dividends		
Cash — Per Share . . . . .	.85	.75
Stock . . . . .	3%	3%
Working Capital . . . . .	22,561,505	22,071,101
Long-Term Debt . . . . .	4,732,000	5,388,000
Stockholders Equity . . . . .	25,692,133	22,892,315
Per Share . . . . .	16.14	14.46
Number of Stockholders at June 30 . .	5,908	4,750

# SALES and EARNINGS



## PERCENTAGE INCREASE IN \$ SALES





## To the Stockholders



We are pleased to report that during the fiscal year ended June 30, 1961, your Company again enjoyed the greatest volume in business and earnings in its history, breaking the record made during the previous year.

Smirnoff Vodka continued to contribute a major portion of the Company's sales and profits, as the level of vodka consumption in the United States continues to increase.

We added considerable emphasis to the promotion of other Heublein products. A major marketing program was launched for Heublein cocktails involving substantially increased advertising with a new theme, merchandising, sales promotion and publicity, as well as a new pricing structure based on improved formulas for the line. This has resulted in an increase in bottled cocktail sales in excess of 70% during the year. A remarkable 11% growth in sales of A.1. Steak Sauce was also produced last year. The product continues to enjoy a sharply increased sales curve, which represents a gain of nearly 50% in the past three years.

In line with our policy of expanding our food business, Heublein has recently made the following acquisitions:

It acquired Escoffier, Ltd. of England and made provision to take over, through the Heublein Food Importing Company, the distribution of Escoffier products in the United States. Escoffier, Ltd. has a domestic operation in England, as well as an international business. This great brand name is best known in this country for its gourmet type sauces: Escoffier Sauce Diable, Escoffier Sauce Robert, and Escoffier Sauce Melba.

Heublein also acquired Timely Brands, Inc., Easy Products, Inc., and Timely Brands (Canada) Ltd. in exchange for Heublein stock. These companies have established a business of selling food specialties, notably cake decorating gels and icings under the Cake-Mate label, along with Squeeze-N-



Bake Cookies and E-Z Squeeze Ice Cream Toppings. Cake-Mate television advertising is currently being tested in selected cities.

Mr. Ralph A. Hart, formerly Executive Vice President of Colgate-Palmolive Company and President of its International Division, was elected President of Heublein, Inc., a Director of the Company and a member of the Executive Committee at the June Board meeting. At the same time Mr. John G. Martin, formerly President, was elected to the newly established position of Chairman and will continue as the Company's chief executive officer.

Messrs. G. K. Bernstein, Frederick E. Chapman, Edward G. Gerbic and Joseph A. Prochaska, formerly Vice Presidents of the Company, were elected to the newly established position of Senior Vice President at the October Board Meeting.

At the same meeting, Messrs. Christopher W. Carriuolo, George W. E. Baldwin and William E. Dolan were elected Vice Presidents. Mr. Carriuolo is National Liquor Sales Manager; Mr. Baldwin is in charge of Control States Liquor Sales; and Mr. Dolan heads up the Heublein Food Importing Company.

Mr. John Arthur Henry, formerly Assistant Treasurer, was named Treasurer of the Company, succeeding Mr. William T. Roche, deceased.

Consolidated net sales of all Company products for the fiscal year ended June 30, 1961 were \$108,281,236 as compared with \$103,168,562 in the previous period.

Consolidated net income for the fiscal year ended June 30, 1961 was \$3,814,410 or \$2.40 a share as compared with \$3,555,660 or \$2.25 a share for the previous year based in each case on the number of shares outstanding on June 30, after giving retroactive effect to all stock dividends declared. Working capital increased during the year from \$22,071,101 to \$22,561,505. Net assets applicable to stockholders' equity increased from \$22,892,315 to \$25,692,133.

Your Company declared cash dividends on common stock during the year totaling 85¢ a share, an increase of 10¢ over the previous year. The latest increase in the regular quarterly dividend was from 20¢ to 25¢ beginning with the fourth quarter of the fiscal year ended June 30, 1961.

In accordance with a policy previously established, of paying a stock dividend when warranted, the Company declared one of 3% payable on July 3, 1961 to stockholders of record June 15, 1961.



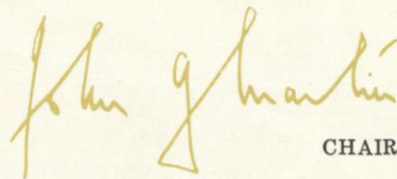
The Profit Sharing Plan for Salaried Employees, announced in the 1960 Annual Report and explained in detail in the Proxy Statement last year, which was approved at the Annual Stockholders' Meeting on October 13, 1960, has been enthusiastically received by those affected. Of the number eligible, 91½% have come in for voluntary savings under the Plan.

During the 1961 fiscal year, thirteen stock options, totaling 21,500 shares, were granted to officers and employees of the Company under its restricted Stock Option Plan. Two stock options previously granted were exercised in part for a total of 2,583 shares.

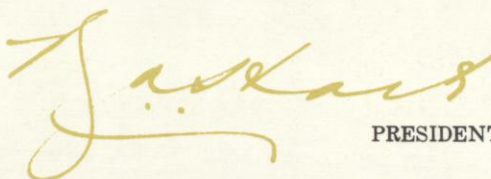
The new addition to the main office and plant announced in last year's Annual Report is nearing completion and should be occupied shortly after this Report has gone to press. Construction was held up for approximately two months because of a strike of hod carriers in this area. The strike had no connection with our own union relations.

Your management is currently considering the advisability of recapitalization and is presenting such a plan to the stockholders. Details of this plan are outlined in the Proxy Statement which was mailed to stockholders with this report.

We wish to take this opportunity to express, on behalf of your Management, our sincere appreciation to all of our employees, customers and stockholders who, through their individual efforts and continuing interest have contributed so greatly to the growth of our business.

A handwritten signature in gold ink, reading "John G. Martin".

CHAIRMAN

A handwritten signature in gold ink, reading "J. J. Jacobs".

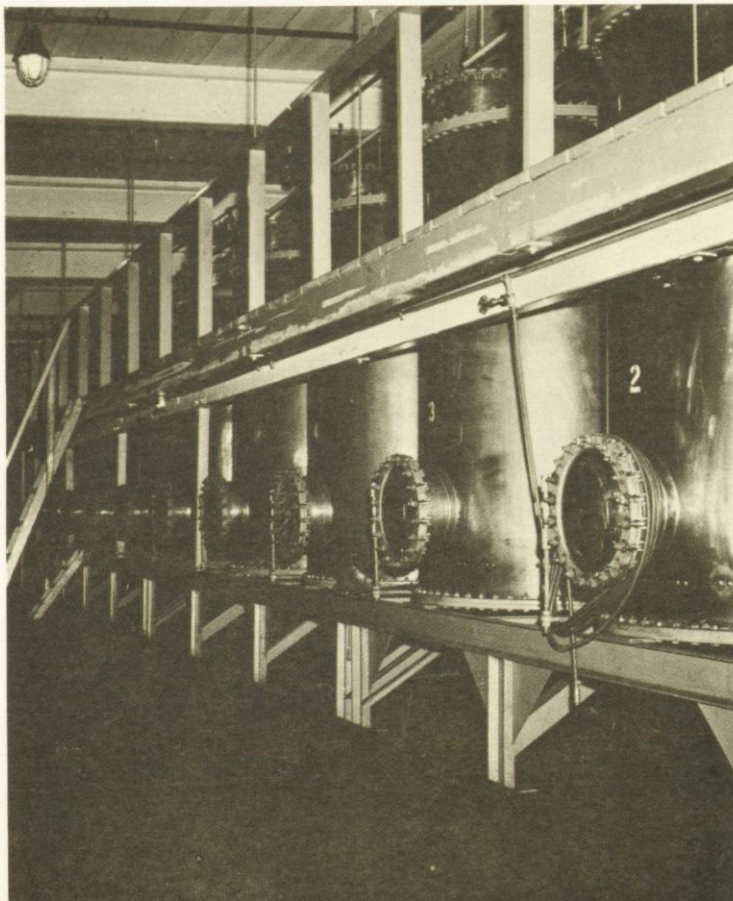
PRESIDENT





The finest and most modern equipment is used to prepare Heublein ready-to-serve cocktails. More than 20 million Heublein martinis are enjoyed each year. Pictured here is one of the bottling tanks from which the cocktails are piped to the bottling line on a floor below.

## Hartford Plant Facilities



The nine giant charcoal filter columns pictured here are a key part of the special process for making world famous Smirnoff Vodka — “It leaves you breathless.”





The Moscow Mule



The Bloody Mary



The Vodka Martini



The Screwdriver



The Vodka Collins



The Vodka Gimlet



In little more than a decade, the mixed drinks and cocktails pictured on this page have become among the most popular in the United States. All were pioneered by Heublein's leading brand of distilled spirit, Smirnoff Vodka. Today, Smirnoff Vodka is the sixth largest selling brand of any type of distilled spirit. Its unparalleled popularity is undoubtedly based on its smoothness and versatility which lends itself to mixing with virtually anything that pours. As the public's taste preference in beverages changes, other mixed vodka drinks will come into vogue, but the basic ingredient, Smirnoff Vodka will continue to be far and away the most popular brand. Because it has no liquor taste, Smirnoff Vodka has made great gains in the martini and gimlet, traditionally gin drinks, and there is a strong likelihood that the vodka sour, substituting vodka for whiskey, will be the next great new vodka drink.





GLAMOROUS SUZY PARKER WEARS AN ORIGINAL CREATION BY CHRISTIAN DIOR—NEW YORK

**'IT'S THE MOST EXCITING FASHION CHANGE IN LIQUOR HISTORY!'** says **Suzy Parker**

Today, thanks to Smirnoff Vodka, there's a "new look" on the bar trays of America! And many a host, in his own home, *serves more vodka drinks than whiskey*. How did Smirnoff Vodka bring about this biggest fashion change in liquor history? By being "breathlessly" different. By creating new, delicious drinks to challenge the dull, old ones . . . and being recognized by millions as *the very spirit of the times!*

*it leaves you breathless*

**Smirnoff**<sup>®</sup>  
THE GREATEST NAME IN **VODKA**

50 AND 100 PROOF, DISTILLED FROM GRAIN. ©STE. PIERRE SMIRNOFF & SONS (DIVISION OF HEUBLEIN), HARTFORD, CONN. 1961



## Liquor Division (Domestic)



The sales of the entire Heublein domestic liquor products including Smirnoff, Relska and Popov Vodkas, Heublein Cocktails, Milshire Gin, Heublein Dry and Sweet Vermouths, and Heublein Cordials, have healthy gains.

Heublein's liquor imports show gratifying sales gains for the year. Harvey's line of fine Spanish sherries dominate the American market; Bell's Scotches, Special Reserve, Royal Vat and Royal Reserve show steady improvement. Gilbey's Canadian Velvet, a six-year-old all Canadian blended whiskey and Gilbey's Crock O'Gold Irish Whiskey have shown a good potential.

## Liquor Division (Imported)







The Heublein line of ready-to-serve cocktails has been completely reformulated and a major marketing program during the year has produced a sales gain of well over 70% for the year. Additional types of cocktails have been added to the line which now includes Extra Dry Martini, Vodka Martini, Manhattan, Daiquiri, Old Fashioned, Whiskey Sour, Gin Sour, Vodka Sour, Side Car and Stinger.





What this country needs is a good 25¢ Martini!



It's here!



Enjoy Heublein Cocktails at home. They cost less than plain liquor. (*Taste better, too!*)

Who wouldn't spare a quarter for a perfect Dry Martini, mixed with choice liquors and expertly proportioned? What eye won't twinkle at a Whiskey Sour or Manhattan that's as easy to pour as plain whiskey—yet tastes much more delicious, and costs less? Besides adding to domestic bliss, these Heublein Cocktails are a social asset! Keep several different kinds on hand—and offer friends a choice

when they drop in! Just pour them on-the-rocks—right from the Heublein bottle. **10 favorite kinds—all full strength.** Extra Dry Martinis, 67.5 proof. Manhattans, 55 proof. Vodka Martinis, 60 proof. Daiquiris, 52.5 proof. Whiskey Sours, Gin Sours, Vodka Sours, 52.5 proof. Old Fashioneds, 62 proof. Side Cars, 52.5 proof. Stingers, 50 proof. Quality products of Heublein Inc., Hartford, Conn. ©1961.

*Ready-to-serve... just pour on-the-rocks*

**HEUBLEIN COCKTAILS**  
(pronounced Hugh-Blaine)

*Also enjoy  
Heublein Cordials  
20 delicious flavors*



## Domestic Food Division



Led by a substantial gain in the sale of A.1. Steak Sauce, the Heublein Domestic Food Division enjoyed an all time high in sales. Maypo Oat Cereal is now well established nationally while Grey-Poupon Mustard has won good acceptance across the country and Andersen Soups are a strong regional brand concentrated in the Western States.



# Food Importing Company



Our position in the fancy food field has been consolidated during the year. Personnel has been strengthened which should implement the continued dynamic growth of this line. For example, Guinness showed an increase while Rose's Lime Juice, which receives strong support in Smirnoff advertising of the Gimlet, showed a good gain. The Trappist and Trappistine lines of jams, jellies and candies greatly developed their national distribution.



## Holiday Gift Packages





## Consolidated Statement of Income

Years ended June 30, 1961 and 1960

	1961	1960
Net sales . . . . .	\$108,281,236	\$103,168,562
Cost of sales . . . . .	80,418,739	78,028,396
Gross profit . . . . .	27,862,497	25,140,166
Expenses:		
Selling and advertising . . . . .	16,088,635	14,276,394
Administrative and general . . . . .	3,204,579	2,783,463
	19,293,214	17,059,857
	8,569,283	8,080,309
Other deductions (income):		
Interest expense . . . . .	272,518	317,528
Interest on investments . . . . .	(114,515)	(109,441)
Miscellaneous — net . . . . .	9,870	84,562
	167,873	292,649
	8,401,410	7,787,660
Provision for income taxes:		
State . . . . .	336,000	327,000
Federal . . . . .	4,251,000	3,905,000
	4,587,000	4,232,000
<b>Net Income</b>	<b>\$3,814,410</b>	<b>\$3,555,660</b>

Provision for depreciation charged to income —  
1961, \$653,139; 1960, \$623,913.

*See accompanying notes.*



# Consolidated Balance

## ASSETS

	1961	1960
<b>Current assets:</b>		
Cash . . . . .	\$ 3,169,339	\$ 3,924,952
Marketable securities, at cost, approximately market . . . . .	2,490,556	4,883,335
Investment in whiskey certificates, at cost (not in excess of market) . . . . .	592,862	592,862
Accounts receivable . . . . .	14,047,753	12,426,254
Inventories, at lower of cost (generally first-in, first-out) or market:		
Finished products . . . . .	6,407,619	5,241,389
Products in process . . . . .	655,500	507,002
Raw materials . . . . .	2,433,151	1,863,206
Supplies . . . . .	752,652	657,229
Prepaid expenses . . . . .	430,683	382,410
<b>Total current assets</b>	<b>30,980,115</b>	<b>30,478,639</b>
 <b>Property, plant and equipment, at cost:</b>		
Land . . . . .	404,400	399,400
Buildings . . . . .	4,626,056	3,891,060
Machinery and equipment . . . . .	5,570,730	4,789,482
	10,601,186	9,079,942
<i>Less accumulated depreciation</i>	3,923,764	3,287,128
<b>Total property, plant and equipment</b>	<b>6,677,422</b>	<b>5,792,814</b>
 <b>Deferred charges and other assets</b>	<b>713,081</b>	<b>416,400</b>
 <b>Goodwill</b>	<b>472,125</b>	<b>—</b>
	<b>\$38,842,743</b>	<b>\$36,687,853</b>

See accompanying notes.



# Sheet *June 30, 1961 and 1960*

## LIABILITIES AND STOCKHOLDERS' EQUITY

	1961	1960
<b>Current liabilities:</b>		
Accounts payable . . . . .	\$ 2,173,418	\$ 1,932,748
Federal income taxes . . . . .	2,431,371	2,856,803
Accrued liabilities:		
Taxes, other than federal income taxes . . . . .	1,303,267	1,452,625
Salaries and wages . . . . .	661,500	470,177
Other . . . . .	806,180	765,092
Cash dividends payable . . . . .	386,874	299,093
Long-term debt due within one year . . . . .	656,000	631,000
<b>Total current liabilities</b>	<b>8,418,610</b>	<b>8,407,538</b>
 <b>Long-term debt due after one year:</b>		
4¾% debentures, due January 1, 1977 ( <i>Note 1</i> ) . . . . .	<b>4,732,000</b>	<b>5,388,000</b>
 <b>Stockholders' equity:</b>		
Common stock, par value \$5 per share:		
Authorized — 2,000,000 shares		
Issued and outstanding —		
1,547,497 shares (1,495,463 in 1960) . . . . .	7,737,485	7,477,315
3% stock dividend payable in July, 1961 —		
44,230 shares (43,297 in 1960) . . . . .	221,150	216,485
Reserved for options —		
59,585 shares (60,441 in 1960) ( <i>Note 2</i> )		
Paid-in surplus . . . . .	8,059,178	5,579,244
Earned surplus . . . . .	9,674,320	9,619,271
<b>Total stockholders' equity</b>	<b>25,692,133</b>	<b>22,892,315</b>
	<b>\$38,842,743</b>	<b>\$36,687,853</b>

See accompanying notes.



## Consolidated Statements of Surplus

Years ended June 30, 1961 and 1960

	1961	1960
<b>Paid-in Surplus</b>		
Balance at beginning of year . . . . .	\$ 5,579,244	\$ —
Add:		
Excess of market value over par value of 44,230 (43,297 in 1960) shares of common stock payable as a 3% stock dividend . . . . .	2,111,983	971,585
Excess of option price over par value of 2,583 (500 in 1960) shares of common stock issued on exercise of options . . . . .	15,635	3,335
Excess of market value over par value of 6,154 shares of common stock issued in connection with acquisitions . . . . .	352,316	—
Excess of proceeds (net of commissions and expenses of \$581,688) over par value of 300,000 shares of common stock sold in September 1959 . . . . .	—	4,218,312
Excess of market value over par value of 29,133 shares of common stock issued as a 2½% stock dividend . . . . .	—	386,012
<b>Balance at end of year</b>	<b>\$8,059,178</b>	<b>\$5,579,244</b>
<b>Earned Surplus</b>		
Balance at beginning of year . . . . .	\$ 9,619,271	\$ 8,899,042
Net income . . . . .	3,814,410	3,555,660
	13,433,681	12,454,702
Deduct dividends declared:		
Cash — \$.85 per share (\$.75 in 1960) . . . . .	1,310,446	1,072,227
Stock:		
3% payable in July; 44,230 shares (43,297 in 1960) at market value . .	2,333,133	1,188,070
2½% paid on September 10, 1959; 29,133 shares at market value . . . . .	—	531,677
Cash in lieu of fractional shares . . . . .	115,782	43,457
	3,759,361	2,835,431
<b>Balance at end of year</b>	<b>\$9,674,320</b>	<b>\$9,619,271</b>

See accompanying notes.



## Notes to Consolidated Financial Statements

**NOTE 1 — Long-term debt:** On January 1 of each year the Company is required to redeem \$375,000 principal amount of debentures and an additional principal amount equal to 10% of the excess of consolidated net income (as defined in the indenture) for the preceding fiscal year over \$1,000,000.

The indenture also requires the Company to maintain consolidated net current assets (as defined) of the greater of \$5,000,000 or 150% of outstanding debentures. Consolidated net current assets at June 30, 1961 exceeded the requirement by \$14,674,073.

**NOTE 2 — Stock options:** Under a "Restricted Stock Option Plan," approved by the stockholders on May 2, 1958, options may be granted to officers and key employees to purchase shares of the Company's common stock at prices not less than 95% of fair market value. The Plan provides that the term of any option may not exceed ten years and that options may not become exercisable earlier than one year after the date of grant. The status of options outstanding under the Plan is as follows:

Fiscal year granted	Fiscal year becoming exercisable	Option price per share	Shares under option June 30, 1960	Shares under option June 30, 1961
1959	1961	\$11.69	2,717	2,717
1960	1962	18.81	18,560	18,560
1961	1963	39.56	—	2,060
1961	1963 to 1967	57.42	—	20,085
			<u>21,277</u>	<u>43,422</u>

The above options expire at various dates in the fiscal years 1964 to 1968 inclusive. No options granted under the Plan were exercised during the year. At June 30, 1960, 31,727 shares were available for grant under the Plan; options for 22,145 shares were granted during the year leaving 9,582 shares available at June 30, 1961.

At June 30, 1960, options granted in August 1957 covering 9,243 shares of the Company's common stock were outstanding at a price of \$10.73 per share. These options became exercisable in August 1959 and expire in August 1962. During the year options were exercised for 2,660 shares (2,583 before adjustment for stock dividend) leaving options outstanding at June 30, 1961 for 6,581 shares at \$10.73 per share.

The above information regarding number of shares and option prices has been adjusted to the extent applicable for stock dividends declared.

### Report of Certified Public Accountants

The Board of Directors and Stockholders,  
Heublein, Inc.:

We have examined the accompanying consolidated balance sheet of Heublein, Inc. and subsidiaries at June 30, 1961 and the related consolidated statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Heublein, Inc. and subsidiaries at June 30, 1961 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N.Y.  
August 15, 1961

Arthur Young & Company



## Five Year Consolidated Financial Position at June 30

<b>Current assets:</b>	<b>1961</b>	<b>1960</b>	<b>1959</b>	<b>1958</b>	<b>1957</b>
Cash . . . . .	\$ 3,169,339	\$ 3,924,952	\$ 2,408,447	\$ 1,884,858	\$ 2,045,775
Marketable securities . . . . .	2,490,556	4,883,335	11,433	13,309	9,044
Investment in whiskey certificates . . . . .	592,862	592,862	348,666	658,221	—
Note receivable . . . . .	—	—	—	—	527,050
Accounts receivable . . . . .	14,047,753	12,426,254	13,189,173	12,753,251	7,753,250
Inventories . . . . .	10,248,922	8,268,826	6,924,386	7,440,239	7,500,450
Prepaid expenses . . . . .	430,683	382,410	321,276	394,627	312,815
Total current assets . . . . .	<u>30,980,115</u>	<u>30,478,639</u>	<u>23,203,381</u>	<u>23,144,505</u>	<u>18,148,384</u>
<b>Current liabilities:</b>					
Notes payable to banks . . . . .	—	—	3,000,000	5,000,000	—
Accounts payable . . . . .	2,173,418	1,932,748	1,407,975	1,373,196	1,578,382
Federal income taxes . . . . .	2,431,371	2,856,803	1,816,236	1,770,078	2,100,284
Accrued liabilities . . . . .	2,770,947	2,687,894	1,975,392	1,151,087	1,033,038
Cash dividends payable . . . . .	386,874	299,093	174,875	174,875	154,844
Long-term debt due within one year . . . . .	656,000	631,000	480,000	488,000	513,000
Total current liabilities . . . . .	<u>8,418,610</u>	<u>8,407,538</u>	<u>8,854,478</u>	<u>9,957,236</u>	<u>5,379,548</u>
<b>Working capital . . . . .</b>	<b>22,561,505</b>	<b>22,071,101</b>	<b>14,348,903</b>	<b>13,187,269</b>	<b>12,768,836</b>
Property, plant and equipment . . . . .	6,677,422	5,792,814	5,966,600	6,231,891	5,812,183
Deferred charges and other assets . . . . .	1,185,206	416,400	431,689	444,221	328,634
	<u>30,424,133</u>	<u>28,280,315</u>	<u>20,747,192</u>	<u>19,863,381</u>	<u>18,909,653</u>
Deduct: Long-term debt due after one year . . . . .	4,732,000	5,388,000	6,019,000	6,499,000	6,987,000
<b>Stockholders' equity . . . . .</b>	<b><u>\$25,692,133</u></b>	<b><u>\$22,892,315</u></b>	<b><u>\$14,728,192</u></b>	<b><u>\$13,364,381</u></b>	<b><u>\$11,922,653</u></b>
Per share of common stock outstanding at end of year . . . . .	\$16.14	\$14.46	\$11.48	\$10.42	\$9.33



## Five Year Consolidated Results of Operations for Years Ended June 30

	1961	1960	1959	1958	1957
Net sales . . . . .	\$108,281,236	\$103,168,562	\$ 87,647,367	\$ 87,839,429	\$ 82,063,607
Cost of sales . . . . .	80,418,739	78,028,396	67,275,558	67,231,416	63,233,937
Gross profit . . . . .	<u>27,862,497</u>	<u>25,140,166</u>	<u>20,371,809</u>	<u>20,608,013</u>	<u>18,829,670</u>
Expenses:					
Selling and advertising . . . . .	16,088,635	14,276,394	12,709,945	12,612,659	10,616,524
Administrative and general . . . . .	3,204,579	2,783,463	2,561,479	2,821,618	2,698,057
	<u>19,293,214</u>	<u>17,059,857</u>	<u>15,271,424</u>	<u>15,434,277</u>	<u>13,314,581</u>
	<u>8,569,283</u>	<u>8,080,309</u>	<u>5,100,385</u>	<u>5,173,736</u>	<u>5,515,089</u>
Other deductions (income):					
Interest . . . . .	272,518	317,528	511,170	551,949	432,255
Miscellaneous — net . . . . .	(104,645)	(24,879)	126,906	(32,039)	(25,458)
	<u>• 167,873</u>	<u>292,649</u>	<u>638,076</u>	<u>519,910</u>	<u>406,797</u>
	8,401,410	7,787,660	4,462,309	4,653,826	5,108,292
State and federal income taxes . . . . .	4,587,000	4,232,000	2,399,000	2,524,000	2,697,000
<b>Net income</b>	<b><u>\$ 3,814,410</u></b>	<b><u>\$ 3,555,660</u></b>	<b><u>\$ 2,063,309</u></b>	<b><u>\$ 2,129,826</u></b>	<b><u>\$ 2,411,292</u></b>
Number of shares of common stock outstanding at end of year (note) . . . .	1,591,727	1,582,990	1,282,490	1,282,490	1,277,990
Net income per share . . . . .	\$2.40	\$2.25	\$1.61	\$1.66	\$1.89
Dividends declared:					
Cash . . . . .	\$ .85	\$ .75	\$ .60	\$ .60	\$ .55
Stock . . . . .	3%	3%	2½%	—	—

**Note:** Adjusted to give retroactive effect to all stock dividends declared.





This night shot shows Heublein's beautiful Menlo Park plant which was opened in 1958. In addition to Smirnoff Vodka, this plant also produces Milshire Gin, Relska and Popov Vodkas and Andersen Soups.

# Menlo Park Plant Facilities



Pictured here are two of the Smirnoff bottling lines in the Company's Menlo Park plant. A third bottling line went into operation earlier this year. Each line has a maximum capacity of 120 bottles per minute.







